

OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION

ORIGINAL

ILLINOIS
COMMERCE COMMISSION

STATE OF ILLINOIS

FEB 8 10 16 AM '00

**JOINT APPLICATION OF INTERNATIONAL
EXCHANGE COMMUNICATIONS, INC.
D/B/A IE COM AND NOSVA LIMITED
PARTNERSHIP FOR APPROVAL OF AN
ASSET PURCHASE AGREEMENT**

CHIEF CLERK'S OFFICE

DOCKET NUMBER 00-0134

APPLICATION

International Exchange Communications, Inc. ("IECOM") and NOSVA Limited Partnership ("NOSVA") (sometimes referred to jointly herein as "Applicants"), pursuant to applicable Statutes of Illinois and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby request Commission approval of a proposed Asset Purchase Agreement (the "Agreement").¹ As will be described in more detail below, the Agreement contemplates the purchase by IE COM of the international operating division of NOSVA which markets under the names "International Plus" and "O11 Communications." IE COM proposes to acquire the customer accounts ("Customer Accounts") and related assets of NOSVA's international division (the "Assets") and to begin to provide long distance service to those customers of NOSVA under the Certificate of Public Convenience and Necessity, or other operating authority, previously issued to IE COM. As regulated telecommunications providers, IE COM and NOSVA hereby seek Commission approval of the Agreement and the transactions contemplated thereby (the "Acquisition").

Commission approval of the Agreement will be beneficial to the involved companies as well as their customers. Following consummation of the Agreement and integration of NOSVA's back

¹ A copy of the proposed Asset Purchase Agreement is attached as Exhibit "A."

office technology, IE COM will be able to provide telecommunications services to its customers in a more efficient manner. Approval of the Agreement will not in any way be detrimental to the public interests of the State of Illinois. The customers of both IE COM and NOSVA, including the customers whose accounts will be transferred pursuant to the Agreement, will continue to receive the same high quality service presently rendered to them. Additionally, no party to the Agreement will be given an undue advantage over any other party.

In support of this Application, Applicants show the following:

I. THE PARTIES

1. IE COM is a Delaware corporation which is a wholly owned subsidiary of Pacific Gateway Exchange, Inc., a Delaware corporation which is publicly traded on the NASDAQ National Market (hereinafter "PGEX"). IE COM's principal offices are located at 533 Airport Blvd., Suite 505, Burlingame, CA 94010. IE COM is a non-dominant carrier that provides domestic and international long distance service with its own facilities or through resale of purchased services from various facilities based carriers pursuant to the FCC's Competitive Carrier policies and is authorized to provide local service in accordance with applicable state competitive local exchange service rules and regulations.

2. IE COM is authorized by the FCC to offer domestic interstate and international services in all fifty (50) states and the District of Columbia as a non-dominant carrier. IE COM currently originates interstate traffic in fifty (50) states, and provides intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in fifty (50) states. IE COM is a certificated carrier in the State of Illinois?

²IE COM is certificated in this State, pursuant to authority granted in Docket No. 98-0639, dated 11/20/98.

3. NOSVA is a privately held Maryland limited partnership with principal offices located at 4380 Boulder Highway, Las Vegas, NV 89121. NOSVA is a non-dominant carrier that resells domestic and international long distance service from various facilities based carriers pursuant to the FCC's Competitive Carrier policies.

4. NOSVA is authorized by the FCC to offer domestic interstate and international services in all fifty (50) states and the District of Columbia as a non-dominant carrier. NOSVA currently originates interstate traffic in forty-eight (48) states, and provides intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in forty-eight (48) states, NOSVA is a certificated carrier in the State of Illinois.³

II. DESIGNATED CONTACT

5. The designated contact for questions concerning this Application is:

EllenAnn G. Sands
Nowalsky, Bronston & Gothard
A Professional Limited Liability Company
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Fax: (504) 831-0892

6. Copies of such correspondence should also be sent to:

NOSVA Limited Partnership
Attn: Michael Arnau, Chief Executive Officer
4380 Boulder Highway
Las Vegas, NV 89121

International Exchange Communications, inc.
Attn: Gail E. Granton
533 Airport Blvd., Suite 505
Burlingame, CA 94010

³ NOSVA is certificated in this State, pursuant to authority granted in Docket No. 94-0101, dated April 12, 1995.

III. REQUEST FOR APPROVAL OF THE ASSET PURCHASE AGREEMENT

7. Applicants propose a transaction which will accomplish the following:
 - a. NOSVA shall sell, transfer and assign to IE COM all of NOSVA's right, title and interest in and to NOSVA's international division, as described in the Agreement;
 - b. In consideration for the above transfer and sale of assets, IE COM will pay to NOSVA the purchase consideration set forth in the Agreement; and
 - c. The assets to be purchased by IE COM include the Customer Accounts.

8. IE COM is well-qualified to consummate the transaction which is the subject of this Application. Current financial information for IE COM is included in the financial statements of IE COM's publicly held parent company, PGEX, which are attached hereto as Exhibit "B".⁴

9. IE COM proposes this transaction to transfer and consolidate the Customer Accounts in order to create a single, larger provider of telecommunications facilitating efficiencies for the benefit of IE COM's customers. By virtue of these transactions, IE COM will realize significant economic, marketing and administrative efficiencies.

10. Following consummation of the transaction discussed above, all of the Customer Accounts will be transferred to IE COM. and IE COM will continue to service these customers through and pursuant to the Certificate of Public Convenience and Necessity, or

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Exhibit "B" consists of PGEX's Report on Form 10Q for the period ending September 30, 1999.

other operating authority, presently utilized by IE COM in servicing its existing customers in this State, to the extent permitted by the Commission.’

11. The technical, managerial and financial personnel of NOSVA will assist with the transition and integration of the acquired Assets after the transaction, and along with the technical, managerial and financial personnel of IE COM, will continue to serve the transferred NOSVA customers with the same high level of expertise.

IV. PUBLIC INTEREST CONSIDERATIONS

12. Critical to the Acquisition and subsequent consolidation of Customer Accounts is the need to ensure the continuation of high quality service to all customers currently served by NOSVA.

The proposed transaction will serve the public interest for the following reasons:

- a. It will enable IE COM to provide a streamlined level of service for all involved customers by creating a single, larger operation to provide long distance service to the customers in this State as well as other states. The transaction will enhance the operating efficiencies, including market efficiencies, of IE COM.
- b. It will increase the appeal to present and potential customers because of IE COM's larger size and greater variety of service offerings as well as enhance the ability of IE COM to appeal to and serve national accounts.
- c. It will result in cost savings as the result of discounts on quantity ordering of materials and services.
- d. Accordingly, the Acquisition and subsequent consolidation will serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of IE COM to compete in the marketplace and to provide telecommunications services for a greater number of consumers of this State at competitive rates.

⁵ Upon consummation of the proposed transaction, IE COM intends to notify all current end users of NOSVA of the Acquisition and that no customers of NOSVA will experience any change in rates due to the transaction by bill insert, a sample copy of which is attached hereto as Exhibit “D”. To the extent that any present NOSVA rate products are eventually changed or are not presently included in IE COM's Tariffs, IE COM will amend its Tariffs accordingly to include such rates. As a result, the transaction should not cause any inconvenience or confusion to the customers of either NOSVA or IE COM. In no event shall the customers of either NOSVA or IE COM incur any increase in rates presently enjoyed by them.

- e. Additionally, IE COM will possess a larger customer base as the result of the Acquisition, and will thus be a stronger carrier to provide high quality service to all customers presently serviced by both IE COM and NOSVA.

V. EXPEDITED REVIEW

13. Applicants request expedited review and disposition of the instant Application in order to allow Applicants to consolidate their respective operations as soon as possible.

VI. NO TRANSFER OF CERTIFICATES

14. Applicants do not request transfer of NOSVA's Certificate of Public Convenience and Necessity, or other operating authority, to IE COM.

VII. CONCLUSION

15. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission authorize IE COM and NOSVA to consummate the Agreement described above. More specifically, Applicants request that the Commission, on an expedited basis, approve the Agreement, the Acquisition contemplated therein and the transfer of the Customer Accounts to IE COM.

DATED this 2nd of February, 2000

Respectfully submitted,




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Metairie, Louisiana 70002
(504) 832-1984
Counsel for International Exchange Communications,
Inc. ("IE COM") and NOSVA Limited Partnership
("NOSVA")

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Washington, DC 20036
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Counsel for NOSVA Limited Partnership ("NOSVA")

STATE OF California
COUNTY OF San Mateo

VERIFICATION

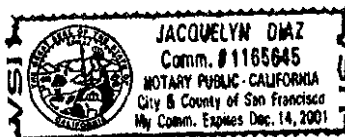
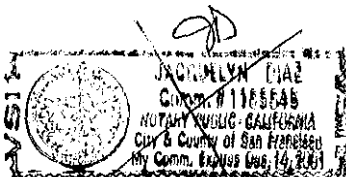
I, Sandra Grey, am the CFO/Vice President- Finance of International Exchange Communications, Inc., and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

BY: 
Name: Sandra Grey
Title: Vice President/Finance - CFO

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 26 day of January, 2000


Notary Public

My commission expires: December 14, 2001



STATE OF NEVADA


COUNTY OF CLARK

VERIFICATION

I, Michael Arnau, am the Chief Executive Officer of NOSVA Limited Partnership, and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge; except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 
Name: Michael Arnau
Title: Chief Executive Officer

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 27 day of January, 2000


Notary Public

My commission expires: _____

